Ministry of
Small Business and
Economic Development

2003/04
Annual Service Plan Report

BRITISH COLUMBIA

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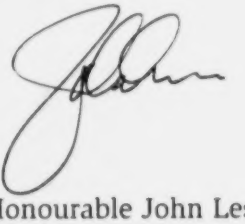
Accountability Statement

The 2003/04 Ministry of Small Business and Economic Development Annual Service Plan Report was prepared under my direction and in accordance with the *Budget Transparency and Accountability Act*. This report compares the actual results to the expected results identified in the Ministry's 2003/04 Revised Service Plan. I am accountable for the Ministry's results and the basis on which they have been reported.



Honourable John Les
Minister of Small Business and Economic Development

June 12, 2004

Minister of State Statement of Results

Under the *Balanced Budget and Ministerial Accountability Act* the Minister of State for Deregulation was accountable for the following results. This position was eliminated on January 26, 2004 as part of a government reorganization.

Expected Results 2003/04	Actual Results 2003/04
10 per cent reduction of regulatory burden	15 per cent reduction of regulatory burden*

*Total net cumulative reduction of the regulatory burden up to March 31, 2004 is 29 per cent (see page 28).

BRITISH COLUMBIA

Ministry of Small Business and Economic Development

The Ministry of Small Business and Economic Development is the lead provincial agency responsible for seizing economic development opportunities that facilitate both investment and job creation throughout British Columbia.

The Ministry underwent significant changes during the year as it realigned its resources to put greater emphasis on promoting and fostering economic development through the utilization of long-term development strategies. Late in the fiscal year, we underwent additional changes when we acquired responsibility for the British Columbia Olympic Games Secretariat, and sports and culture. Despite a year of change, the Ministry made significant progress in the achievement of its mandate, and set the stage for even greater accomplishments in 2004/05.

In 2003/04, the Ministry made important advances in its four core business areas: removing barriers to business; providing economic policy and strategic advice; marketing and investment (including international marketing); and encouraging innovation and the development and transfer of new knowledge.

Progress is reflected in the following accomplishments:

- Repealed obsolete legislation associated with the venture capital investment strategy;
- Eliminated 113,440 regulatory requirements government-wide, many of which were impediments to doing business;
- Led the development of plans to promote economic development and diversification such as the Heartlands Economic Strategy;
- Removed barriers to key economic projects by implementing a fast-track process that provides suitable projects with priority treatment;
- Developed strategies for tourism development and established an All-Seasons Resorts Task Force; and
- We participated in a wide range of trade and investment missions around the world, including the United States, India, South Korea, Taiwan and China.

During 2003/04, we exceeded our deregulation target for the year with the net reduction of 113,440 regulatory requirements. This achievement reinforces the need to establish smart regulations to encourage prosperity and to foster enterprise across the province.

We reached a contribution agreement with Tourism Vancouver on an expanded Vancouver Convention and Exhibition Centre. Tourism Vancouver will contribute $90 million towards

the $495 million expansion. We estimate the project will generate billions of economic activity, and will open on time and on budget in 2008.

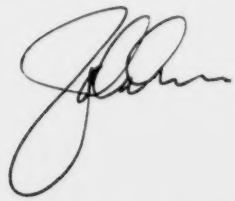
In November, the Ministry launched Leading Edge British Columbia to help build the domestic technology sector, to generate awareness and market British Columbia as a destination for technology investment.

To help the province avoid a recurrence of last year's fire season, the Ministry played an instrumental role in the completion of the Firestorm review, which set the stage for government to implement recommendations that will help communities across the province and emergency personnel to prepare and manage better in the event of another busy fire season.

The Ministry continued to deliver the federal-provincial Infrastructure Works Program. This year, $53 million went towards 57 "green" infrastructure projects to improve drinking water quality in communities throughout British Columbia.

We are encouraged by the progress of the Ministry this year, and plan to keep taking important strides forward in the years ahead.

We are pleased to present the details of our activities and accomplishments in this Annual Service Plan report for the fiscal year 2003/04.



Honourable John Les
Minister of Small Business and Economic Development

June 12, 2004

Year-at-a-Glance Highlights

The Ministry of Small Business and Economic Development continued to make significant progress in fiscal 2003/04 towards the government's goal of creating a strong and vibrant provincial economy, within a challenging economic environment. British Columbia faced many economic challenges in 2003/04, including SARS, devastating forest fires, significant flooding and the on-going softwood lumber dispute. Despite those challenges British Columbia's economy grew faster than the national average at 2.2 per cent in 2003, which was up from 1.8 per cent in the previous year. During 2003/04, the Ministry continued to remove barriers to investment, and create the right conditions for economic growth and opportunity. The Ministry's achievements in 2003/04 include:

- **Tourism Levy:** in response to a request by Tourism Vancouver, introduced new provincial legislation to allow various tourism industry sectors in Vancouver to voluntarily participate in a levy program to generate marketing funds.
- **Consumer Protection:** changes to the *Motor Dealer Act* improved consumer protection by giving the new Motor Dealer Council of British Columbia responsibility for administering motor dealer legislation and regulations.
- **Deregulation:** exceeded government deregulation targets for 2003/04, and continued Ministry efforts to reduce the regulatory burden by rescinding obsolete regulations. In 2003/04, the province achieved over two-thirds of its final deregulation target, a net reduction of more than 113,000 regulations.
- **Infrastructure:** in partnership with the federal government, contributed toward 138 "green" and community infrastructure projects, with a total value of approximately $134 million, under the Canada-British Columbia Infrastructure Program.
- **Convention Centre:** worked with Tourism Vancouver to sign an agreement that set the stage for the Vancouver Convention Centre Expansion Project. Industry will contribute $90 million to this project.
- **Resort Task Force:** established a 15-member advisory group representing British Columbia's tourism sector, local government and First Nations to help the Resort Task Force identify barriers to resort development and expansion.
- **Civic Government:** transferred ownership of Fraser Valley Trade and Exhibition Centre to the City of Abbotsford and Pacific National Exhibition to the City of Vancouver.
- **Single Business Number:** introduced the *Business Number Act* to demonstrate government's commitment to create a competitive business climate, reduce red tape and make British Columbia a leader in electronic service delivery.
- **OneStop Business Services:** served 19,000 clients, up 4,000 from the previous year. Service was transitioned to the Ministry of Finance effective March 31, 2004.
- **Invest B.C.:** created a new website highlighting the competitive advantages and expansion opportunities for international investment and providing a one-stop shop for business location information and services.

- **Small Business:** worked with sector stakeholders to remove barriers to growth, including the development of strategies for maximizing 2010 business opportunities that will begin in 2004/05.
- **Venture Capital:** amended the *Small Business Venture Capital Act* to provide greater access to capital for British Columbia small businesses, resulting in 180 new registrations in 2003/04, up dramatically from 30 registrations a year earlier.
- **International Financial Centre:** we worked in concert with the Ministries of Finance and Provincial Revenue to develop new legislation that expands the range of businesses and activities eligible for provincial income tax refunds in order to attract new international business to British Columbia.
- **Film Tax Credits:** established an operating environment that enabled the sector to achieve its best year since 2000, with increased growth of 19 per cent from the previous year.
- **Film Location:** developed a provincial film location policy to ease access to all provincial government property for filming activity.
- **Trade Barrier Removal:** led the country in pressing for the removal of national and international trade and investment barriers that limit access for British Columbia's businesses, workers and investors.
- **Trade and Investment Promotion:** participated in trade and investment missions from key markets including the United States, Europe, Japan, India, Taiwan and China.
- **Employment:** developed and implemented a provincial strategy to increase the number of small business employees in the province by 21,900 to 971,900 employees.
- **Motor Dealer Council:** launched a new council to improve consumer protection through the transfer of responsibility for legislation and regulations.
- **Leading Edge British Columbia:** launched an initiative to help build the domestic technology sector, to generate awareness and to market British Columbia as a destination for technology investment.
- **Regional Development:** worked closely with communities to identify, promote and develop priority business opportunities.
- **International Financial Centre:** worked with the Ministry of Finance to expand British Columbia's status as an international financial center.
- **2010 Olympic and Paralympic Winter Games:** won the rights to host the games. The games have the potential to generate up to $10.7 billion in economic activity.

Ministry Role and Services

Introduction

Ministry Overview

The Ministry underwent two realignments in 2003/04, resulting in significant changes to the Ministry's objectives and organizational structure. In June 2003, the Ministry was reorganized to put greater emphasis on improving British Columbia's competitiveness, and on marketing and promoting British Columbia's opportunities to potential investors and visitors. As a result of the realignment, the Ministry's goals, objectives, core businesses and targets were changed to reflect the revised mandate. This resulted in the Ministry developing a Revised Service Plan for the period 2003/04 to 2005/06, which was subsequently tabled in the Legislature.

In January 2004, the Ministry underwent a second change when it acquired responsibility for the Olympic Games Secretariat. These responsibilities are not reflected in this Annual Service Plan Report. Instead, those responsibilities appear in the 2003/04 Annual Service Plan report for the Ministry of Community, Aboriginal and Women's Services.

In January 2004, the Ministry changed its name from the Ministry of Competition, Science and Enterprise to the Ministry of Small Business and Economic Development.

The Ministry of Small Business and Economic Development is the primary provincial agency responsible for initiatives and programs dedicated to creating a strong provincial economy in British Columbia.

British Columbia's prosperity is dependent on the creativity and work of its citizens, entrepreneurs and businesses, as well as the competitiveness of our economy in attracting new investment and creating jobs. The Ministry's prime focus is to assist in creating a business environment that gives the private sector the confidence to invest in British Columbia. The Ministry works with the private sector, other ministries, agencies, the federal government and local governments, to respond to economic development opportunities that facilitate investment and job creation throughout the province.

The Ministry's responsibilities are:

Competitiveness:

The Ministry aims to improve British Columbia's competitiveness in the national and international economy in an effort to make our province one of the most attractive investment locations in North America. The Ministry's efforts to enhance British Columbia's competitiveness include:

- Cutting red tape and reducing the regulatory burden on businesses and consumers by one-third within three years, beginning in 2001.
- Pressing for the removal of barriers to trade, investment and labour mobility.
- Providing up to date professional analysis of British Columbia's competitive advantages and disadvantages, particularly with respect to international investment and business formation for each important industry sector and all regions.
- Increasing the amount of venture capital available in the province.

Regional Development Opportunities:

The Ministry aims to improve the economic diversification of British Columbia's Heartlands, and to ensure that all regions of the province share the benefits of a growing economy. The Ministry's efforts to enhance regional development opportunities include:

- Encouraging the development of regional economies, infrastructure and services by providing cross government leadership for the implementation of the Heartlands Economic Strategy.
- Providing strategic leadership that will facilitate economic growth and development throughout British Columbia by fast-tracking provincial regulatory approvals for significant economic projects.
- Promoting the enhancement and development of all-seasons resorts and resort municipalities.
- Administering project funding under the Canada/British Columbia Infrastructure Program and Western Economic Partnership Agreement to fund projects which support economic growth, and enhance business productivity.

- Participating in bi-monthly meetings of the Nechako-Kitamaat Development Fund Society to provide funding for economic and community development projects in northwest British Columbia.

Marketing and Promotion

Information about British Columbia's opportunities and the changes being made to ensure British Columbia is globally competitive needs to be aggressively marketed to the investment community and potential visitors. The Ministry's efforts include:

- Marketing British Columbia as an investment location, and develop and enhance national and international investment and trading relationships.

The Ministry has 122 staff positions, including staff in six regions. The Ministry delivers its services and programs through three divisions, Deregulation Office, and Deputy Minister's Office:

Competitive Economic Policy Office — the division undertakes analysis of the province's economic conditions at the provincial, regional and sector level to identify economic opportunities and challenges. The results assist in developing strategies to address the challenges and capitalize on the opportunities. In addition, the division is responsible for international and internal trade policy, film policy and competitiveness issues.

Economic Development Division — the division, through its regional presence, identifies potential projects that support the Heartlands Economic Strategy, and uses expert business case analysis to recommend projects for fast-track designation, and monitors these projects through provincial government review and approval processes to ensure timelines are met.

The division is also the driver for expanding the tourism industry including the development of all season resorts and resort municipalities. The division also works with industry to identify and fast-track tourism projects. The division supports Heartlands communities by providing local economic development agencies and small business associations with information, education and other tools to assist with small business start-ups.

Finally, the division administers the project funding for the Canada-British Columbia Infrastructure Program, and Western Economic Partnership Agreement.

Management Services Division — provides financial, human resources, records management and information systems support to the Ministry, and the Ministry of Energy and Mines.

Deregulation Office — oversees the government-wide commitment to cut red tape and the regulatory burden by one-third within three years.

Deputy Minister's Office — a number of branches report directly to the Deputy Minister, including Investment Capital, British Columbia Film Commission, International Relations, and Corporate Investment and Location Service. Collectively, they position British Columbia as a preferred place for new and expanded investment. International Relations Branch plans and manages trade missions that provide the Premier and ministers with opportunities to increase British Columbia's profile in key markets. Investment Capital Branch manages tax

policy programs to assist small and medium sized businesses throughout the province to gain access to equity capital for business start-up and expansion. Corporate Investment promotes international awareness of British Columbia's investment climate and provides potential investors with business location information and services.

In addition, the British Columbia Film Commission supports regional film commissions and coordinates marketing British Columbia to the film and television industry.

The Minister is also responsible for several Crown agencies, including:

British Columbia Securities Commission (BCSC)

The BCSC is an independent agency responsible for administering the *Securities Act* and regulating the securities market in British Columbia. BCSC supports the economic development of the province by maintaining a fair, competitive and efficient securities market that warrants public confidence.

Tourism British Columbia

Tourism British Columbia promotes the development and growth of the tourism industry by marketing, providing information and services to tourists, and enhancing the professionalism of the tourism industry.

Innovation and Science Council

The Innovation and Science Council promotes economic development and enhances the quality of life in British Columbia by encouraging the development and innovative application of science and advanced technology.

Vancouver Convention Centre Expansion Project

The Vancouver Convention Centre and Expansion Project was established to design and commission the development of new convention facilities at Canada Place, and so to enhance Vancouver's tourism and convention opportunities.

BC Pavilion Corporation

PavCo is mandated to generate economic benefits for the province, with its core activity being the rental of space within its facilities for conventions, trade and consumer shows, sporting and entertainment events.

The Minister is also responsible for the $15 million Northern Development Fund. The provincial government and Alcan each contributed $7.5 million to the fund, which is managed by the Nechako-Kitamaat Development Fund Society. The fund is intended to support sustainable economic activity in northern communities affected by the Kitimat-Kemano project, and by the creation of the Nechako Reservoir.

Ministry Vision, Mission and Values

1. Vision

The Ministry of Small Business and Economic Development envisions a vibrant economy where British Columbians have access to a diversity of job opportunities throughout the province, and where investors have confidence in the province's economic growth and prosperity.

2. Mission

The Ministry of Small Business and Economic Development promotes strategic leadership in government to create a strong, prosperous and diverse economy in all regions.

3. Core Values

The following values define the Ministry's management style and govern the way it makes decisions. They guide Ministry staff in interacting with each other, other government agencies, the private sector and other stakeholders.

Core Values	
Competitiveness	The Ministry works towards making British Columbia the most attractive investment location in North America.
Results-Based	The Ministry is a results-based organization that measures performance at both the corporate and individual level.
Shared Responsibility	The Ministry is committed to working with other ministries and agencies to develop and implement actions to bring growth and prosperity to British Columbia.
Accountability	The Ministry is accountable to government and the public and strives to ensure its activities deliver the targets outlined in this Service Plan.
Efficiency	The Ministry delivers its programs in the most efficient manner to enhance British Columbia's competitiveness as an investment location.
Continuous Improvement	The Ministry is committed to developing new and better approaches.
Professionalism	The Ministry is committed to maintaining the highest standards of innovation, quality, teamwork, and developing an entrepreneurial attitude in the professional public service.
Responsiveness	The Ministry strives to respond to the needs of its stakeholders in a timely and effective manner.

The Ministry's Core Values play an important role in ensuring that targets identified in the 2003/04 Revised Service Plan are met. The Ministry's Executive is committed to ensuring that the Core Values are consistently applied and that they are reflected in the design and implementation of new programs and activities. Consideration of the Core Values ensures that programs and activities are aligned with and support the Ministry's goals and objectives.

One of the Ministry's goals is to improve British Columbia's **competitiveness**. To date, the Ministry has been successful in eliminating business subsidies that offer some companies an unfair advantage over others. In addition, the Ministry has been responsible for implementing the Agreement on Internal Trade (AIT). British Columbia is one of only two provinces to implement AIT, and is now widely acknowledged as the leader in pushing for the removal of internal trade barriers in Canada. The Ministry's mandate to coordinate the one-third reduction in regulations has seen the elimination of over 113,000 regulations between May 2001 and March 2004, further enhancing the province's reputation as a competitive investment location.

The Ministry strives for **continuous improvement** in the delivery of its services and always seeks to deliver its programs with greater **efficiency**. The deployment of the Invest BC website to provide a one-stop shop for business location information services was designed to get information to potential investors more efficiently. The launch of the independent Motor Dealer Council to oversee the motor dealer industry, and the launch of Leading Edge British Columbia to help build the domestic technology sector, are examples of developing new approaches to deliver services more efficiently.

The Ministry is a learning organization that periodically reviews its goals, objectives and targets to ensure programs and services continue to address the problems or conditions they were intended for. The Ministry is a **results-based** organization that has performance measures and targets at the corporate, division, branch and individual level. Quarterly reviews of achievements ensure that the Ministry and its staff are **accountable** for results.

The Ministry strives to ensure staff achieve the highest level of **professionalism** in their respective fields. Staff are encouraged to attend training courses to ensure their skills are current. Senior staff are encouraged to upgrade their leadership and project management skills.

The Ministry is **responsive** to the needs of its stakeholders. The Ministry has implemented a number of legislative changes in response to industry needs. Changes to the *Small Business Venture Capital Act* have increased the supply of venture capital for small business start-ups and expansion. Also, introduction of the *Vancouver Tourism Levy Enabling Act* will allow Tourism Vancouver to develop a new levy to support its marketing efforts, and implementation of the "on the ground" strategy allows regional staff to work closely with communities to identify and promote business opportunities.

Ministry Operating Context

The operating context is an assessment of the general economic operating environment that the Ministry and business community faced during 2003/04. It includes an assessment of the key sectors that the Ministry is responsible for, and describes some of the challenges and opportunities in 2003/04.

Business Sector Overview

In 2003, global foreign direct investment flows fell for the third consecutive year since 2000, reflecting continuing worldwide economic uncertainty. Competition among jurisdictions for this reduced volume of investment was intense.

KPMG's latest Competitive Alternatives report showed that despite the appreciation of the Canadian dollar, British Columbia continued to enjoy a significant cost advantage over the United States and other G-7 locations in value-added manufacturing, business services, and technology-based industries. British Columbia had some notable successes in attracting new foreign investment in 2003, including a 650-person contact centre announced by eBay.

Tourism

British Columbia's tourism industry faced a multitude of unforeseen events in 2003 including the outbreak of Severe Acute Respiratory Syndrome (SARS), the scare of "Mad Cow" disease, security concerns related to the war in Iraq and forest fires that resulted in a ban on backcountry recreation.

The result was about 600,000 fewer visitors coming to the province — 21.9 million in 2003 compared to 22.6 million in 2002 — and a decline in industry revenues from $9.2 billion to $8.9 billion.

On a more positive note, the announcement on July 2, 2003 that Vancouver and Whistler will host the 2010 Winter Olympic and Paralympic Winter Games is seen as an important development for tourism throughout British Columbia. As well, our province continues to be recognized as a world class destination:

- Vancouver Island voted top island in North America, and Victoria voted best city in the Americas (outside the United States.) — Conde Nast Traveler: Readers' Choice Awards.
- 2004 Undiscovered Golf Destination of the Year — International Association of Golf Tour Operators (as selected by the Golf Travel Writers' Association).

In the May meeting of the Canadian Ministers of Tourism Conference in Victoria, a ministerial task force was struck to develop a National Tourism Strategy, and to raise the profile of Canada's $55 billion tourism industry.

Within government, in July 2003 a Tourism Branch was established by merging the Ministry's tourism policy function with tourism functions of the Ministry of Sustainable Resource Management, with more of a focus on tourism as business than tourism as part of land-use planning. In November 2003, the Tourism Branch merged with the Small Business Branch.

Small Business

The 2003 Small Business Profile identified that there are approximately 355,200 small businesses in British Columbia — comprising almost 98 per cent of all British Columbia businesses. An estimated 952,900 people were employed by small businesses. This represents 58 per cent of all private sector jobs in the Province. Small businesses comprised 95 per cent of employers in high technology, the sector experiencing the fastest growth in new small businesses.

Among the provinces, British Columbia ranked second in Canada in terms of the proportion of Gross Domestic Product (30 per cent) attributed to the small business sector.

Industry surveys in 2003/04 indicated that British Columbia small and medium-sized businesses are expressing high levels of confidence and optimism about their business performance over the next 12 months. These confidence levels indicate a rebound from the previous year, when small business owners were affected by multiple shocks in the domestic and international economy.

Working closely with small business stakeholders and creating a competitive business environment through the removal of barriers to growth continue to drive the Ministry's small business agenda.

In 2003/04, the Ministry also worked closely with the Olympic Games Secretariat, creating strategies for maximizing 2010 business opportunities for small and medium-sized businesses in British Columbia. Implementation of these strategies will begin in 2004/05 and continue through to 2010.

Venture Capital

Since 2000, British Columbia has consistently received 10 per cent to 13 per cent of the venture capital invested in Canada. In each of the last three years — 2000 to 2003 — British Columbia received approximately $500 million, and the cumulative amount invested by the end of 2002 was $1.8 billion.

However, venture capital in British Columbia faces a number of challenges. For the past five years, "expansion" investments accounted for approximately 82 per cent of all venture capital transactions in British Columbia. Further, the "innovation financing gap" continues to increase with federal research spending increasing by $6 billion over the past five years, while early stage financing has declined by $1.3 billion. This statistic reflects the acute shortage of early-stage or "seed" capital for new venture start-ups. It is the "innovation financing gap" that the programs administered under the *Small Business Venture Capital Act* and the *Employee Investment Act* seek to address. Recent changes introduced to the *Small Business Venture Capital Act* have been embraced by the technology sector leading to a six-fold increase in program activity. Last year, 180 small businesses and venture capital corporations raised $80 million for early stage investment under the venture capital programs — an all time record. This trend continues in the current 2004-program year.

Regional economic development remains a priority. Currently, 98 per cent of all venture capital investment occurs within the boundaries of the Greater Vancouver Regional District

and the Capital Regional District. The primary challenge is to balance the need for attractive shareholder returns with the start-up and expansion capital needs of emerging businesses in the Heartlands. Again, the changes to the *Small Business Venture Capital Act* have lead to a record increase of venture capital in the Heartlands with 30 per cent of the overall program activity taking place outside of the traditional locale of venture capital in the Lower Mainland.

Another challenge is to address the relative scarcity of experienced capital managers. However, recent amendments to the *Small Business Venture Capital Act* to enable eligible small businesses greater access to capital and the resultant dramatic upswing in venture capital company registrations (i.e., from 30 registrations in all of 2002/03 to 180 registrations in 2003/04, alone), combined with the launch of three new Venture Capital Corporations raising capital through prospectus offerings, have been hailed as positive steps towards increasing the supply of managed venture capital. This increased activity is expected to ultimately increase the pool of experienced capital managers in British Columbia. The Ministry will continue to explore other models such as the "fund of funds" model widely used in the United States as a means of attracting foreign and institutional capital to British Columbia.

Film and Television

In calendar 2003, a total of 169 motion picture productions resulted in $1.4 billion being spent in the province. This is an impressive figure representing a 19 per cent increase over the previous best year of 2000 where production spending achieved a value of $1.18 billion. Though expenditures in the industry were at an all-time high in 2003, the number of productions has dropped. A drop of 97 to 54 domestic film television projects accounted for a significant portion of the fall in numbers. However, the foreign film category remained strong. Five major foreign productions each spent over $100 million in British Columbia, with others coming close to this mark.

Production days for the first quarter of 2004 are down approximately 30 per cent over 2003 and production starts down approximately 20 per cent. As in 2002/03, the industry may be challenged to exceed one billion dollars in provincial spending in 2004/05.

Key Challenges

- **Local Events:** many local events caused key challenges this year, including: "Mad Cow" disease, SARS, forest fires and avian flu. These events, combined with on-going concerns about air travel, contributed to a weaker tourism market in 2003, with 600,000 fewer visitors to the province.
- **Strengthening Canadian Dollar:** the dollar rose 21 per cent last year and impacted some of British Columbia's export-dependent industries such as forestry and high-tech sectors.
- **United States Security Restrictions:** some export dependent industries have been negatively impacted by new United States anti-terrorism rules, and heightened security at borders.
- **Forest Industry Challenges:** the on-going softwood lumber dispute has caused economic challenges for British Columbia's forestry industry. The pine beetle has also spread at an alarming rate.

Key Opportunities

- **2010 Olympic and Paralympic Winter Games:** the 2010 Winter Games will open up new opportunities for tourism through increased visitation and international profile. The Vancouver Organizing Committee will purchase almost $2 billion in goods and services to stage the games. In addition, infrastructure investments leading up to the games will create approximately 228,000 direct and indirect person years of employment and inject billions of dollars into the economy.
- **Cost Advantages:** British Columbia enjoys significant cost advantages over the United States and other G7 locations, according to a KPMG's latest Competitive Alternatives report, making the province a competitive location for new business and investment.
- **Tourism and Resorts:** British Columbia has some of the most temperate and dramatic topography in the Pacific Northwest offering significant investment opportunities for the further development and enhancement of British Columbia's tourism and all-season resort industries.
- **Small Business Sector:** British Columbia's small business sector comprises almost 98 per cent of British Columbia's businesses and is the primary source of job creation in the province. The development of the small business sector boosts local economies and provides diverse employment opportunities.
- **Competitive Tax Environment:** British Columbia offers one of the lowest business corporate income tax rates in the country and the threshold for this rate was increased to $300,000 in the 2003/04 budget. Personal income tax cuts averaging 25 per cent to provide the lowest rates of personal income tax in Canada on the first $60,000 of income.
- **Human Resources:** central to the Ministry reaching its objectives are its employees. The development of performance measures and targets at the corporate, division, branch and individual level support the Ministry as a results based organization.
- **Deregulation:** a commitment to cutting red-tape and eliminating unnecessary regulation makes British Columbia an increasingly desirable location for businesses.
- **Eliminating Trade Barriers:** British Columbia is pushing ahead with eliminating barriers to internal trade. The province is viewed as a national leader in this area.

Core Business Areas

A key goal of government is to establish a strong and vibrant provincial economy. In order to support this goal, the Ministry created four core business areas for the provision of programs and services:

1. Improving British Columbia's Investment Climate and Competitiveness;
2. Enhancing Economic Development Throughout British Columbia;
3. Marketing and Promoting British Columbia; and
4. Executive and Support Services.

Core Business Area 1: Improving British Columbia's Investment Climate and Competitiveness

British Columbia competes with other jurisdictions for investment dollars, trade and jobs. The Ministry delivers programs that help establish a business climate conducive to attracting investment and creating a prosperous economy. These include:

- Oversee the government-wide deregulation initiative to cut red tape to reduce the regulatory burden by one-third within three years and implement the Ministry's three year deregulation plan.
- Manage tax policy programs to assist small and medium sized businesses throughout the province to access equity capital for business startup and expansion.
- Complete strengths, weaknesses, opportunities and threats (SWOT) analyses of the province, and each region and sector in British Columbia. The purpose of the analyses is to provide ongoing strategic economic and business information on business sectors, regions and trends.
- Manage trade issues to remove barriers to inter-provincial and international trade.

Key Programs	Outputs
Ministry three year Deregulation Plan.	As of March 31, 2004 the Ministry had achieved a 31 per cent net reduction from its baseline of 2,329 regulatory requirements through the repeal of obsolete legislation.
Government-wide deregulation initiative.	In 2003/04, the government achieved over 80 per cent of its final deregulation target with the reduction of over 113,000 regulatory requirements.
Tax policy.	Changes to the *Small Business Venture Capital Act* have increased the supply of venture capital for small businesses, resulting in 180 new registrations.
Provincial, regional and sector analyses.	Completed 17 sector analyses, a provincial level analysis, and seven regional analyses.
Manage trade issues	Led Council of the Federation initiatives to improve internal trade, and launched discussions with Alberta to enhance open trade, investment and labour mobility.

Core Business Area 2: Enhancing Economic Development Throughout British Columbia

The government is committed to revitalizing the economy and creating greater economic diversification. The development of sector specific strategies are key to fostering investment and job creation throughout the province.

- Lead the development of plans to promote economic development and diversification, including the development of the Heartlands Economic Strategy;
- Remove barriers to key economic projects by implementing a project fast-track process to give eligible projects priority treatment;
- Manage the Western Economic Partnership Agreement to support economic development in the province. Manage the British Columbia/Canada Infrastructure Program to improve urban and rural local government infrastructure; and participate in board meetings of the Nechako-Kitamaat Development Fund Society to approve funding projects that enhance economic and community development in northwest British Columbia.
- Develop and implement a tourism development strategy and all-seasons resorts strategy for British Columbia.

Key Programs	Outputs
Fast-track process.	Processed five applications for project fast-track approval.
Canada - British Columbia Infrastructure Program.	Committed nearly $493 million of federal/provincial program funds for infrastructure development, including funds towards 56 "green" infrastructure projects to improve drinking water quality.
Western Economic Partnership Agreement (WEPA).	Signed a new $50 million WEPA to improve provincial economic performance and diversification.
Nechako-Kitamaat Development Fund Society	Approved funding of over $16 million for 30 projects to support economic and community development projects in northwest British Columbia.

Core Business Area 3: Marketing and Promoting British Columbia

For national and international investors, or for those wanting to visit the province, British Columbia offers tremendous opportunities. The primary role of Marketing and Investment is to facilitate trade and investment by:

- Leading the marketing and promotion of British Columbia as a film and television production location; and
- Planning and managing trade and investment missions that provide the Premier and Ministers with opportunities to profile British Columbia in key markets, and host incoming missions and trade delegations.

Key Programs	Outputs
Film and TV.	Lead 5 missions to California to promote British Columbia as a film and TV production location.
Inbound Trade Missions.	Hosted trade and investment missions from key markets from around the world, including the United States, Europe and Japan.
Outgoing Trade Missions.	Organized investment and trade missions to China, India, South Korea, Taiwan and the United States.
Investment Attraction.	Attracted new contact centres for British Columbia, representing a total investment of approximately $30 million.

Core Business Area 4: Executive and Support Services

The primary role of this core business is to:

- Provide financial, human resources, records management and information systems support to the Ministry;
- Support the offices of the Minister, Deputy Minister, and Deputy Minister responsible for Deregulation and All-seasons Resorts Strategy; and
- Provide contributions to the British Columbia Pavilion Corporation and Vancouver Convention and Exhibition Centre.

Key Programs	Outputs
Information Resource Management Plan	All approved projects are resourced, funded and properly managed.
Enterprise Risk Management (ERM)	Provided ERM training opportunities for all managers and program staff.
Budget and FTE resources	The Ministry met the budget and FTE targets.

Strategic Shifts and Significant Changes in Policy Direction

The Ministry refocused its activities between April and July 2003 resulting in significant changes to both the Ministry's operational structure, goals and objectives. These changes resulted in the development of a Revised Service Plan.

The table below identifies the shift in focus as the Revised Service Plan goals put greater emphasis on improving British Columbia's competitiveness relative to key competing jurisdictions and fostering economic growth in all regions and sectors. They also reflect an increased focus on marketing and promoting British Columbia's advantages and opportunities.

Former Goals Service Plan — February 2003	Revised Service Plan Goals
Establish a competitive investment climate. Efficient and effective management and regulation.	Improving our competitive position in the national and international economy.
Promote economic growth.	Increasing economic development throughout British Columbia, particularly in the Heartlands.
Innovation, science and technology transfer.	Marketing British Columbia as a preferred place to visit, live, invest and do business.

Two goals that appeared in the previous Service Plan have been removed from the current plan. The goal for *innovation, science and technology transfer* has been dropped. Instead, Leading Edge British Columbia was established and has assumed responsibility for science and technology issues. Also, the goal for *efficient and effective management and regulation* has been dropped as its corresponding objectives have either been incorporated within other goals or have been largely completed. For example, the objective of cutting regulations by one-third in three years is a competitiveness issue and is retained under the goal of *improving our competitive position*. The former objective relating to moving the Ministry to a shared services model is now complete as implementation of the government's shared services model is well underway in the Ministry of Management Services.

The Ministry's refocused mandate has also resulted in the establishment of new program areas:

- Ministry will lead the development and implementation of a tourism development strategy to maximize the advantages and expand the opportunities of British Columbia's second largest industry. As well, the Ministry has been tasked with facilitating the development and expansion of all-season resorts and resort municipalities.
- Ministry established a new project fast-track process. This will be a key tool for the Ministry to facilitate regional growth and diversification. Through this process, the Ministry will identify regional economic projects, make recommendations on projects selected for fast-track designation and make sure all approved projects proceed through government's regulatory approval processes in a timely fashion.

The realignment also resulted in the Ministry redeploying a number of functions that are no longer core to achieving the Ministry's mandate.

- Immigrant Investor program was consolidated in the Ministry of Community, Aboriginal and Women's Services.
- Following the Ministry's completion of the government-wide fee and licenses review, responsibilities for ongoing management of requests for fee changes has been transferred to the Ministry of Finance.
- The loan portfolio was transferred to the Ministry of Provincial Revenue.
- The youth employment strategy was transferred to the Ministry of Skills Development and Labour.

As a result of these program changes, the Ministry's FTE count is 122, including staff in six regional offices in Cranbrook, Kamloops, Nanaimo, Prince George, Smithers and Williams Lake. The Ministry transferred in 15 FTEs from the Ministry of Sustainable Resource Management to undertake tourism functions, including the development of the tourism strategy, and all seasons resort strategy.

Update on *New Era* Commitments

The following table identifies the outstanding government's priorities for which the Ministry is responsible, and describes the current status of each priority.

***New Era* Commitments**	
Government Priority	**Comments**
Cut "red-tape" and regulatory burden by one-third with in three years.	Ongoing: In 2003/04, the government achieved over 80 per cent of its deregulation target, with a reduction of over 113,000 regulatory requirements.
Stimulate tourism with a plan to improve operators' ability to successfully compete for visitors from around the world.	Ongoing: The province has partnered with the federal government and the private sector on the $495 million expansion of the Vancouver Convention and Exhibition Centre and has launched a British Columbia Resort Task Force to promote four season resort development.
Lead international 'Leading Edge' marketing missions to promote British Columbia technology and investment.	Ongoing: Trade missions and provincial participation in key international events have promoted British Columbia as a place of investment opportunity. In 2003/04, trade missions were organized to China, India, South Korea, Taiwan and the United States (Texas).
Push to eliminate interprovincial trade barriers.	Ongoing: British Columbia continues to be one of only two jurisdictions in Canada to be in full compliance with the Agreement on Internal Trade (AIT). Alberta has agreed to British Columbia's proposal to negotiate a comprehensive bi-lateral agreement on trade, investment and labour mobility. A framework agreement is expected in mid-2004.

Performance Reporting

The following tables identify the Ministry's performance targets for each objective, and core business, and the actual result attained in 2003/04. Where appropriate, an explanation of any variances between targets and results is included.

Goal 1: Improving our competitive position in the national and international economy.

This goal focuses on enhancing British Columbia's business climate by developing strategies to improve the province's relative competitiveness in key areas of the economy.

Core Business 1: Improving British Columbia's investment climate and competitiveness

Objective 1.1: Improve British Columbia's economic performance and diversification

Strategies:

1. **British Columbia's share of venture capital** — increase British Columbia's national share of venture capital holdings from five per cent to 10 per cent by 2006.
2. **Tax credit leverage** — lever up to $152 million of private capital for investment in a diversity of businesses, including technology, tourism and value-added sectors by 2006.
3. **Deregulation** — reduce the regulatory burden within the Ministry by at least one-third by 2004/05 to improve British Columbia's competitiveness.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Venture Capital Fund Registrations	4 funds registered	Achieved 4 funds registered	None
Venture Capital holdings in British Columbia	$1.3 billion (6 per cent of national holdings)	$1.2 billion (5.4 per cent of national holdings)	($100 million)
Private capital raised and businesses financed	$137 million 95 businesses	On track $136 million Achieved 140 businesses	($1 million) 45 businesses

Venture Capital: Despite poor market conditions, venture capital holdings in British Columbia held up well against renewed competition from other provinces with $1.2 billion, or 5.4 per cent of national holdings. These same conditions also impacted the amount of venture capital raised, which at $136 million was $1 million less than targeted. However, recent amendments to the *Small Business Venture Capital Act* enabled small

businesses greater access to capital which resulted in a significant upswing in venture capital company registrations.

In addition, three new Venture Capital Corporations raising capital under prospectus offerings were launched in 2003/04, to bring the total to four funds registered.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Ministry regulatory requirements	32 per cent net cumulative reduction	On-track 31 per cent net cumulative reduction	(1) per cent

Deregulation: As of March 31, 2004, the Ministry had achieved a net reduction in its regulatory baseline count of 31 per cent. This is slightly behind the target of 32 per cent resulting from a delay in implementing the *Motor Dealer Act*. It is expected the Ministry will meet its target in 2004.

Objective 1.2: Improve British Columbia's competitiveness as a place to live, invest and do business

Core Business 1: Improving British Columbia's investment climate and competitiveness

Strategies:

1. **Reduce the regulatory burden across government** — reduce the regulatory burden by one-third within three years.
2. **Tax competitiveness** — analyze, evaluate and prioritize options for improving British Columbia's tax competitiveness.
3. **Economic Competitiveness Indicators** — complete analysis and develop strategy, options, performance measures and targets to improve British Columbia's competitiveness and investment growth.
4. **Complete SWOT and trend analysis** — complete SWOT analysis and trend analysis for all key sectors.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Government-wide regulatory requirements	22 per cent net cumulative reduction	Achieved 29 per cent net cumulative reduction	Exceeded target by 7 per cent

Deregulation: As of March 31, 2004 the government had achieved a 29 per cent reduction in the regulatory burden, exceeding the target by seven per cent, or 27,400 regulations.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Tax proposals	Update analysis and develop revised options	Achieved Analysis completed, revised and proposed	None

Tax Proposals: The Ministry undertakes analysis and evaluation of British Columbia's tax competitiveness. The primary focus is on the tax competitiveness of specific sectors that are within the Ministry's mandate. Based on that analysis, the Ministry develops options for increasing the competitiveness of British Columbia's tax climate and works with the Ministry of Finance to examine whether those options can be implemented.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Competitiveness indicators	Identify 15 key competitiveness indicators and develop recommendations	Achieved Analysis completed	None

Competitiveness Indicators: The target, which was met, was to collect data for 15 key competitiveness indicators for seven jurisdictions: these included labour costs, education/skills, work stoppages, general corporate income tax rates, small business income tax rates, personal income tax rates, provincial/state debt levels, non-income based taxes, research and development expenditures, venture capital availability, energy costs, facilities costs, transportation costs, overall costs by sector, and various "quality of life" indicators.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Completed SWOT and trend analysis	Complete SWOT for: 17 sectors economic development regions provincial level	Achieved Analysis completed	None

Analyses: Analyses was completed for 17 sectors, including the Film and Destination Resorts sectors, the latter two being sectors that the Ministry has specific responsibility for. A provincial-level analyses was also completed, as were analyses for seven regions covering virtually all of the province.

Goal 2: Increasing economic development throughout British Columbia, particularly in the Heartlands.

This goal focuses on fostering economic growth and diversification in all regions and sectors of the province.

Core Business 2: Enhancing economic development throughout British Columbia

Objective 2.1: Facilitate economic growth throughout the province

Strategies:

1. **Small business sector strategy** — develop and implement a provincial strategy which increases the number of small business employees in the province and the value of small business exports.
2. **Inbound investments** — facilitate inbound investment into high-growth, high-opportunity sectors.
3. **Fast-Track Projects** — accelerate permits and approvals for approved capital investment projects through project fast-track.
4. **Provincial Tourism and All-Seasons Resorts Strategies** — implement strategies to promote British Columbia and achieve increases in tourism revenues.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Employment in small business sector	950,000 employees	Achieved 971,900 employees	21,900 employees
Number of small businesses	345,000 small businesses	359,600 small businesses	14,600 small businesses

Small Business Sector: British Columbia's economy grew by 2.2 per cent in 2003. The economy benefited from low interest rates and growth in business investment of 8.2 per cent, mainly due to a strong residential construction sector. Annual job growth grew by 2.5 per cent. This domestic activity is reflected in the growth achieved in the small business sector and the number employed by small businesses. In 2003/04, employment in the small business sector was 971,900 employees, 21,900 above the target. In addition, the number of small businesses was nearly 360,000, an increase of 14,600 above the target.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Total number of inbound investment projects	4 projects	On track 3 projects	(1) project
	$20 million/200 jobs	$25 million 1,625 jobs	$5 million 1,425 jobs

Inbound Investment Projects: British Columbia attracted three new call centres in 2003/04, in Burnaby, Prince George and Victoria. Although the number of projects attracted was less than anticipated, the total investment will exceed the target by approximately $5 million, and the number of jobs to be created when the centres are operating at full capacity will exceed the target by approximately 1,400.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Number of Heartlands capital investment projects accelerated	5 projects 540 jobs	Achieved 5 projects creating more than 1,800 construction jobs between 2004 – 2006 More than 1,850 operating jobs created from 2005 onwards	None

Heartlands Capital Investment Projects: In 2003/04, the Ministry implemented a project fast-track process, where economically significant projects can apply for expedited provincial regulatory approvals. Applicants must demonstrate that they have a business plan and that the proposed project will create significant employment in the region. The process does not guarantee project approval, only that the proposed project is reviewed in an expedited process. Five projects have proceeded through the fast-track process: Mount Mackenzie ski area expansion near Revelstoke; Mount Baldy ski area expansion near Oliver; Greenwood slag heap reprocessing at Greenwood; Red Chris gold-copper mine near Iskut; and the Quatsino First Nation Island Copper project near Port Hardy.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Tourism Revenues	$9.2 billion in tourism revenues	$8.9 billion in tourism revenues	($300 million)

Tourism Revenues: Tourism faced a difficult year with a number of factors impacting the number of visitors to the province. Tourism revenues fell short of target by $300 million due to the impact of SARS, "Mad Cow" disease, wildfires and a slow US economy impacting local and global tourism trends.

Objective 2.2: Maximize federal/provincial funding for our Heartlands

Core Business 2: Enhancing economic development throughout British Columbia

Strategies:

1. **Canada/British Columbia Infrastructure Program** — fund infrastructure projects that support economic development in the Heartlands.
2. **Western Economic Partnership Agreement** — negotiate new funding agreement for Economic Development Initiatives that recognize sectoral regional needs.
3. **Funding for Regional Science Councils** — fund science and innovation approaches for regional applications.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Canada/British Columbia Infrastructure Program project funding	Program funds fully committed by Spring 2004	On track 92 per cent of funds committed	8 per cent of funds uncommitted

Canada/British Columbia Infrastructure Program: The federal, provincial and local governments are investing more than $800 million in British Columbia under the Canada/British Columbia Infrastructure Program. The agreement was officially signed on October 10, 2000. The federal, provincial and local governments are each contributing up to one-third of the total program funds.

The program was established to build the infrastructure necessary to support increased economic growth and improve the quality of life of all residents of British Columbia. The program provides funding for infrastructure projects for public use or benefit, that: enhance the quality of the environment; support long-term economic growth; improve community infrastructure; and build 21st century infrastructure through encouraging the use of best technologies, new approaches and best practices.

The commitment was made to fully commit the remaining program funds by the Spring of 2004; that commitment will be met. By March 31, 2004, 92 per cent of available program funds had been committed. The remaining eight per cent will be committed before the end of the Spring 2004.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Western Economic Partnership Agreement project funding	New 5 year project in place by Fall of 2003	Achieved New agreement signed in December 2003	None

Western Economic Partnership Agreement (WEPA): On December 4, 2003, the Governments of Canada and British Columbia jointly announced a $50-million dollar Canada-British Columbia Western Economic Partnership Agreement that focuses on increasing the competitiveness and productivity of British Columbia's economy.

The federal and provincial governments will each contribute $25-million over the next four years to WEPA. The four priority areas for funding under the Agreement are: Tourism, Sustainable Communities, Entrepreneurship and Innovation. A WEPA Working Group with representation from both levels of government is working with provincial and federal ministries and agencies to identify potential WEPA projects.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Regional Science Councils funding	Continue funding seven existing councils	Achieved	None
	Formalize a Northwest council by Spring 2004	Achieved Northwest council held its first board meeting in March 2004	

Regional Science Councils Funding: The Regional Science Councils were established to help improve the regional economy in the Heartlands. Their mission is the economic revitalization of their region through encouraging innovation, science and technology initiatives. The Ministry provides funding on a yearly basis to the councils.

Objective 2.3: Advocate on behalf of small business

Core Business 2: Enhancing economic development throughout British Columbia

Strategies:

1. **Canada/British Columbia Business Services Society** — provide one-stop access to business information and tools for small business startup and expansion.
2. **Small business participation in 2010 Olympic and Paralympic Winter Games** — ensure small businesses are informed of opportunities leading up to the 2010 Olympic Games.
3. **Initiate a smart regulation initiative specific to small businesses** — ensure that government policy, legislative and service delivery frameworks support small business success, not impede it.
4. **OneStop Business Registration** — reduce government red-tape by providing effective and efficient business registration services for three levels of government.
5. **Single Business Number** — establish a common business identifier which reduces the time and complexity businesses encounter while reporting and remitting payments to three levels of government.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Number of clients served by Canada/British Columbia Business Services Society	130,000 transactions	Achieved 143,000 transactions	13,000 transactions

Canada/British Columbia Business Services Society (CBCBSS): The Society provides single-window, province-wide access to resources and services that support small business start-up and growth. Services are available to entrepreneurs in person, by telephone or e-mail and through an extensive array of internet-based services. Increased awareness of the Society's services and interest from British Columbia entrepreneurs resulted in the number of clients served exceeding the 2003/04 target.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Small business participation in Olympic business opportunities	Work with CBCBSS and the Olympic Secretariat to develop a plan to maximize opportunities for small business	Small business staff engaged with Olympic Games Secretariat to develop business plan for the 2010 Commerce Centre	None

Small Business Olympic Opportunities: Working closely with the Olympic Games Secretariat (OGS), the Ministry contributed input and advocated for the development of strategies that will ensure small business success and maximization of economic benefits leading up to, during, and after the 2010 Games. The development of the 2010 Commerce Centre business plan is a key output of effective collaborative work with the OGS.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Federal, provincial and local government adoption of the small business smart regulation initiative	Development of the smart business/smart regulation initiative	Working with BC Deregulation Office to support smart regulation. Working with federal/ provincial agencies to raise awareness for impact of regulatory changes	Decision to work within existing deregulation mechanism to ensure smart regulation rather than launch a separate initiative

Smart Business Regulation: This objective was modified and addressed as part of ongoing coordination with the British Columbia Deregulation Office, due to resource constraints and priority setting. Ministry staff work proactively to identify policies, practices, and regulations that create barriers to small business growth and prosperity, and create business-friendly solutions.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Clients served by OneStop Business Services	15,000 clients served Successful transition of OneStop Services to Ministry of Finance	Achieved 19,000 clients served Successful transition to Ministry of Finance, effective March 31, 2004	4,000 clients served

OneStop Business Services: Increasingly, e-business and e-government offerings are the service channel of choice for entrepreneurs and small businesses. The province-wide availability of accessible one-stop business services resulted in the number of clients served exceeding the 2003/04 target.

As part of government's coordination of service delivery initiatives, OneStop Business Services was transferred to the Corporate and Personal Property Registry Office within the Ministry of Finance effective April 1, 2004. Small Business staff continue to be involved in a strategic capacity, providing input and expertise on the needs of entrepreneurs and small business.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Complete Single Business Number Project	Single Business Number Project completed and closed-out by March 31, 2004	Achieved SBN project successfully launched and transferred to Ministry of Finance, effective March 31, 2004	None

Single Business Number Project: The Single Business Number initiative is an innovative multi-partner project that allows British Columbia businesses to interact with multiple levels of government using one common business identifier, the federal Business Number. This saves small businesses significant time in administrative procedures and is a key part of government's commitment to reduce red tape. This multi-year initiative was completed on time and on budget, and ongoing operations have been transferred to the Ministry of Finance.

Goal 3: Marketing British Columbia as a preferred place to live, visit, invest and do business.

This goal focuses on strategic marketing to distinguish British Columbia from its competitors, and communicate the province's advantages and opportunities to potential visitors and investors alike.

Objective 3.1: Market British Columbia as a preferred location to visit, and for new and expanded trade and investment.

Core Business 3: Marketing and promoting British Columbia

Strategies:

1. **Promote British Columbia as a film and TV location** — organize trade efforts to promote the province as a film and TV production location.
2. **Marketing and promotional strategies** — develop marketing and promotional strategies with Invest British Columbia to promote awareness of competitive advantages and opportunities throughout the province.
3. **Trade and investment promotion** — organize trade missions and provincial participation in key international events to promote British Columbia.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Sales and marketing initiatives for film and TV industry	Lead four sales and marketing efforts to the United States	Achieved 5 sales and marketing visits	1 visit
North American ranking of film production expenditure	$1 billion spent in British Columbia	Achieved $1.4 billion spent in British Columbia	$400 million
	Largest production centre in North America after Los Angeles and New York	Achieved Third largest service production center in North America	

Film and TV: The Ministry led five marketing and promotion missions to California to promote British Columbia as a film and TV location.

Although the number of motion picture productions dropped between 2002 and 2003, from 205 productions to 169 productions, the value of productions increased substantially from an average of approximately $4.8 million to $8.3 million. This was due to an increase in the number of big budget foreign feature films. However, the high level of the Canadian

dollar against the US dollar and the sustained high level of interest in reality television programming have meant that the number of production days is down in 2004, and the industry may be challenged to match the level of production expenditure in 2004/05.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Compile and provide customized information in response to qualified investor enquiries	Provide customized information to 50 qualified potential investors	47 qualified potential investors serviced	(3)

Investor Enquiries: The Ministry provided customized information packages to 47 potential investors, three fewer than anticipated. Continuing worldwide economic uncertainty over the past few years has resulted in intense competition amongst jurisdictions for direct investment dollars.

Performance Measure	2003/04 Target	2003/04 Actual	Variance
Trade missions and key events promoting British Columbia	8 trade and investment visits led by Premier and/or Ministers 30 pre-qualified business delegations attracted	Achieved 8 trade and investment missions 21 delegations attracted	(9) delegations

Trade Missions: During 2003/04, outbound ministerial missions were on target with eight missions, including missions by the Premier to India, China, and the United States. Ministerial missions included visits to South Korea, Taiwan, Japan and the United States.

Key business delegations were lower than anticipated with 21 delegations attracted, against a target of 30. This is attributed to reduced air travel as a result of SARS earlier in the fiscal year. The Ministry expects to see an increase in visitor delegations in 2004/05.

Deregulation

Ministry of Small Business and Economic Development

The Ministry has been a leader in achieving government's deregulation commitment. As of March 31, 2004, the Ministry had achieved a 31 per cent net reduction from its baseline of 2,329 regulatory requirements. The Ministry is on target to reach its planned net reduction of 35.6 per cent in 2004/05.

The Ministry has eliminated 724 unnecessary regulations through the repeal of outdated or obsolete legislation (*Small Business Development Act; Special Enterprise Zone & Tax Relief Act; Industrial Development Incentive Act; Natural Resource Community Fund Act; the Job Protection Act*; and the *Northern Development Act*).

As of March 31, 2004, the British Columbia Securities Commission had a net increase of five per cent of its baseline of 21,316. However, major changes are in progress under the Commission's deregulation initiative, which involves an extensive overhaul of securities regulations. This overhaul is targeted to reduce regulatory burden by one-third in 2004/05.

Government Wide Deregulation

The government exceeded its 22 per cent deregulation target for March 31, 2004, with a net reduction of 113,440 unnecessary regulatory requirements. This achievement, under British Columbia's innovative and comprehensive deregulation framework, reinforces that British Columbia is regulating sensibly and thoughtfully, and encourages prosperity, innovation and enterprise across the Province.

British Columbia is unique in imposing rigorous performance standards with tough measurable targets for regulatory reform that will promote smart, effective and efficient regulation. Top priorities are regulations with the most direct impact on competitiveness. Major strides have been made in the areas of employment standards, liquor control and licensing, land use management, and the resource sectors. Many of the changes exemplify the shift towards results-based regulation that will encourage innovation and competitiveness. All ministries and agencies across government are striving for smarter regulation and streamlining to make it easier for all British Columbians to interact with government, and help create new opportunities in all economic sectors across the province, particularly in the Heartlands.

Report on Resources

This section provides information on the Ministry's operating expenditures, full-time equivalent staff (FTE) allocation, and capital expenditures.

Two tables are provided. The first shows operating information for each core business and is consistent with the Revised Service Plan — 2003/04 to 2005/06. The second table mirrors the Estimates Vote structure.

During the fiscal year, the Ministry's Full Time Equivalent (FTE) count was adjusted downward from its original estimate of 149 FTEs, to a revised complement of 122 FTEs. This change reflects the net effect of 28 employees transferred out to central service agencies, 13 employees transferred out to other ministries with their programs, and 15 employees transferred into the Ministry with the Tourism Program.

2003/04 Resource Summary

Table 1. Revised Service Plan

	Estimated	Other Authorizations	Total	Actual	Variance
Operating Expenses ($000)					
Improving British Columbia's Investment Climate and Competitiveness	6,646	0	6,646	3,920	2,726
Enhancing Economic Development Throughout British Columbia	21,054	0	21,054	17,966	3,088
Marketing and Promoting British Columbia	2,949	0	2,949	4,660	(1,711)
Executive and Support Services	84,057	1,481	85,358	88,141	(2,603)
Total	**114,706**	**1,481**	**116,187**	**114,687**	**1,500**
Full-time Equivalents (FTEs)					
Improving British Columbia's Investment Climate and Competitiveness	27	0	27	29	(2)
Enhancing Economic Development Throughout British Columbia	55	0	55	33	22
Marketing and Promoting British Columbia	17	0	17	28	(11)
Executive and Support Services	23	0	23	36	(13)
Total	**122**	**0**	**122**	**126**	**(4)**
Ministry Capital Expenditures (CRF) ($000)					
Improving British Columbia's Investment Climate and Competitiveness	0	0	0	(21)	21
Enhancing Economic Development Throughout British Columbia	600	1,004	1,604	1,667	(63)
Marketing and Promoting British Columbia	0	0	0	0	0
Executive and Support Services	52	0	52	10	42
Total	**652**	**1,004**	**1,656**	**1,656**	**0**

2002/03 Resource Summary Mirroring the *Estimates* Vote Structure

Table 2.

	Estimated	Other Authorizations	Total	Actual	Variance
Operating Expenses ($000)					
Championing a competitive business environment	7,137	0	7,137	5,748	1,389
Marketing and Investment	10, 562	0	10,562	10,714	(152)
Encouraging innovation and the development and transfer of new knowledge	13,839	0	13,839	10,840	2,999
Executive and support services	83,168	1,481	84,649	87,385	(2,736)
Total	**114,706**	**1,481**	**116,187**	**114,687**	**1,500**
Full-time Equivalents (FTEs)					
Championing a competitive business environment	30	0	30	28	2
Marketing and Investment	64	0	64	53	11
Encouraging innovation and the development and transfer of new knowledge	8	0	8	2	6
Executive and support services	47	0	47	43	4
Total	**149**	**0**	**149**	**126**	**23**
Ministry Capital Expenditures (CRF) ($000)					
Championing a competitive business environment	0	0	0	(21)	21
Marketing and Investment	600	1,004	1,604	1,667	(63)
Encouraging innovation and the development and transfer of new knowledge	0	0	0	0	0
Executive and support services	52	0	52	10	42
Total	**652**	**1,004**	**1,656**	**1,656**	**0**

Annual Service Plan Report Appendices

Crowns, Agencies, Boards and Commissions Reporting to the Minister of Small Business and Economic Development

BC Community Financial Services Corporation

BC Pavilion Corporation

British Columbia Enterprise Corporation (not active)

British Columbia Securities Commission

British Columbia Trade Development Corporation (not active)

Motor Dealer Customer Compensation Fund Board

Nechako-Kitimaat Development Fund Society

Pacific National Exhibition

Innovation and Science Council of British Columbia

Tourism British Columbia

Vancouver Trade and Convention Centre Authority

Vancouver Convention Centre Expansion Project Ltd.

Legislation Administered by the Ministry of Small Business and Economic Development

BC Alcan Northern Development Fund Act

British Columbia Enterprise Corporation Act

Builders Lien Act

Business Number Act

Business Paper Reduction Act

Community Financial Services Act

Employee Investment Act

Hotel Guest Registration Act

Hotel Keepers Act

Innovation and Science Council Act

Ministry of International Business and Immigration Act, except immigration provisions

Motor Dealer Act

Pacific National Exhibition Act

Securities Act

Securities (Forged Transfer) Act

Small Business Venture Capital Act

Telephone (Rural) Act

Tourism Act

Tourism British Columbia Act

Trade Development Corporation Act

Travel Regulation Act